

Management's discussion and analysis of the financial condition
and results of operations of

KURE TECHNOLOGIES, INC.

Three months ended November 30, 2021 and 2020

KURE TECHNOLOGIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS of the financial condition and results of operations

(In thousands, except shares and per share amounts)

For the three months ended November 30, 2021 and 2020

January 28, 2022

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial condition and result of operations of Kure Technologies, Inc. ("Kure" or "the Company") is supplementary to and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2021 and 2020.

The Company's unaudited condensed consolidated interim financial statements and the notes thereto have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, other than in the normal course of business and at amounts different from those in the financial statements.

Unless specifically stated, the references to "Kure" or "the Company" include the legal entity Kure Technologies, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health and safety, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the section entitled "Overview – Significant current events" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

3. OVERVIEW

Significant current events

Novel Coronavirus ("COVID-19")

The Company's operations have been significantly adversely affected by the effects of a widespread global outbreak of a respiratory illness caused by COVID-19. The Company cannot accurately predict the ultimate impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The Company

Kure Technologies, Inc. is a publicly listed Canadian company, trading on the NEX, which is a separate board of the TSX Venture Exchange, under the symbol KUR.H. Kure's head office is located in Toronto, Ontario.

Going concern

The going concern basis of presentation assumes that Kure will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is some doubt about Kure's use of the going concern assumption as a result of the Company's accumulated deficit and working capital deficiency as at November 30, 2021. The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing and or achieve profitable operations in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Notwithstanding the above, the Company's unaudited condensed consolidated interim financial statements for the three months ended November 30, 2021 and 2020 have been prepared on a going concern basis and do not include any adjustments to the carrying values and classification of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Strategy

The Company's operating strategy is to preserve its cash and explore restructuring opportunities to maximize shareholder value.

The Company is currently finalizing its restructuring process to facilitate a promising business opportunity.

Convertible Debentures

On July 29, 2021, the Company completed a non-brokered private placement offering of unsecured convertible debentures (the "Debentures") which raised aggregate gross proceeds of \$150.

The Debentures bear interest at a rate of 8.5% per annum and will mature on July 29, 2023. The Debentures are convertible into units of the Company at a price of \$0.15 per unit during the first year and are convertible at the higher of \$0.15 and the trading price of the Company's common shares on the TSX Venture Exchange on the date of conversion. Each unit consists of one common share and one-half common share purchase warrant exercisable at \$0.18 for a period of one year. As the conversion feature may be settled in a variable number of common shares of the Company, it does not meet the fixed for fixed criteria and has been accounted for as a derivative liability. The Company paid cash issuance costs of \$10, of which \$7 has been allocated to the convertible debenture principal and \$3 has been allocated to the derivative liability and included as interest and finance charges in the statement of loss and comprehensive loss during the quarter ended August 31, 2021.

The Company has the option to purchase all or any part of the principal amount (the "Repurchase Amount") of the Debentures at any time. Within 20 business days' notice, the holder shall elect to either convert the Repurchase Amount into Units, or to receive the Repurchase Amount plus any accrued interest in cash.

The valuation model used to estimate the fair value of the Debentures is a system of two coupled Black-Scholes Option Pricing equations and partial differential equations that are solved simultaneously using finite-difference methods, with the following assumptions:

	November 30, 2021	August 31, 2021
Expected volatility	60%	60%
Expected life	1.66	1.91
Risk free interest rate	0.416%	0.416%
Coupon interest rate	8.5%	8.5%
Expected dividend yield	Nil	Nil
Credit Spread	25%	25%
Underlying share price	\$0.20	\$0.40
Conversion price	\$0.15	\$0.15
Discount for lack of marketability	10.8%	10.8%

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three months ended November 30, 2021 and 2020 include the accounts of Kure's wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three months ended November 30, 2021 and 2020, which have been prepared in accordance with IFRS. The Company's significant accounting policies are summarized in detail in note 2 of the Company's consolidated annual financial statements for the year ended August 31, 2021.

6. RESULTS OF OPERATIONS

Highlights of the results for the three months ended November 30, 2021 and 2020 include the following:

- Kure recorded a loss from continuing operations totaling \$70 (November 30, 2020 - \$34);
- As at November 30, 2021, Kure held cash of \$32 (August 31, 2021 - \$117).

Operating expense

	Three months ended November 30,	
	2021	2020
Compensation	\$ 46	\$ 16
General and administrative	24	18
Total operating expense	\$ 70	\$ 34

Compensation

Compensation expense includes mainly wages, consulting fees, salaries and benefits.

During the three months ended November 30, 2021, the Company expensed \$46 in compensation (November 30, 2020 - \$16). The increased compensation during the quarter ended November 30, 2021 resulted mainly from accrued fees for the Chief Executive Officer and the Chief Financial Officer. A summary of fees is detailed in the section entitled "Related party transactions – Compensation of key management personnel".

General and administrative expense

General and administrative expense includes mainly professional fees, board of director fees, general occupancy, and other administrative overheads for the Company. A summary of the general and administrative key components is set out below:

	Three months ended November 30,	
	2021	2020
Professional expenses	\$ 23	\$ 17
Office and general	1	1
Total general and administrative	\$ 24	\$ 18

Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees and general shareholder meeting costs.

During the three months ended November 30, 2021, the Company recorded \$23 in professional fees (November 30, 2020 - \$17). Higher professional expenses during the quarter ended November 30, 2021 were mainly due to \$8 in costs associated with the Annual General Meeting which was held on September 10, 2021.

Office and general

Office and general expenses include mainly overhead and miscellaneous expenses.

Interest, accretion and financing charges

Interest, accretion and financing expense for the three months ended November 30, 2021, totaling \$12 (November 30, 2020 - \$3), arose mainly from unsecured demand loans outstanding, as detailed in the section entitled "Related party transactions –Loans payable" and from the convertible debentures outstanding, as detailed in the section entitled "Overview – Convertible debentures".

Income taxes

As at November 30, 2021, the Company had approximately \$22,000 in non-capital income tax losses with expiry dates between 2027 and 2041, SRED pool carry-forwards of \$11,545, capital loss carry-forwards of \$25,530, and non-tax deductible reserves of \$65.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Income (loss) and comprehensive income (loss)

For the three months ended November 30, 2021, the income and comprehensive income amounted to \$10 or \$0.00, basic and diluted, compared to the loss and comprehensive loss of \$37 and \$0.00 for the three months ended November 30, 2020.

7. QUARTERLY FINANCIAL RESULTS

	Fiscal 2022	Fiscal 2021				Fiscal 2020		
	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 29
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expense	70	140	61	150	34	83	32	47
Loss before the undernoted	70	140	61	150	34	83	32	47
Interest expense, net	12	10	4	1	3	4	3	3
Change in fair value of derivative liability	(92)	253	-	-	-	-	-	-
Impairment of / adjustments to settlements receivable ⁽¹⁾	-	4	(4)	-	-	(3)	-	(65)
Income (loss) and comprehensive income (loss) for the period	\$ 10	\$ (407)	\$ (61)	\$ (151)	\$ (37)	\$ (84)	\$ (35)	\$ 15
Income (loss) and comprehensive income (loss) per share from operations – basic and diluted	\$ 0.000	\$(0.009)	\$(0.004)	\$(0.010)	\$(0.002)	\$(0.005)	\$(0.002)	\$(0.003)
Income (loss) per share Basic and diluted	\$ 0.000	\$(0.027)	\$(0.004)	\$(0.010)	\$(0.002)	\$(0.006)	\$(0.002)	\$ 0.001

⁽¹⁾ Settlements receivable are owed from a bankruptcy trustee in Ontario in which the Company was a claimant.

8. LIQUIDITY AND CAPITAL RESOURCES

Kure held cash of \$32 as at November 30, 2021 (August 31, 2021 - \$117).

Cash used in operating activities for the three months ended November 30, 2021 was \$85, compared to \$6 for the comparative quarter ended November 30, 2020.

There were no financing or investing activities during the three months ended November 30, 2021 or 2020.

Kure has incurred operating losses and negative cash flows from operations in recent years. Kure will need to raise cash and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about Kure's use of the going concern.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

9. SHARE CAPITAL

As at November 30, 2021 and January 28, 2022, approximately 15,097,800 common shares in Kure were issued and outstanding.

10. STOCK BASED COMPENSATION

As at November 30, 2021 and August 31, 2021, no stock options were issued or outstanding, and no stock options were granted or expired.

11. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The Company's key management personnel includes members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation is as follows:

	November 30,	
	2021	2020
Chief Executive Officer	\$ 14	\$ -
Chief Financial Officer	14	-
Director fees	2	3
	\$ 30	\$ 3

There are no ongoing contractual or other commitments arising from these transactions with related parties.

Short-term loans

Between November 30, 2018 and February 12, 2021, interim unsecured demand loans were extended to the Company by a director at an annual interest rate of 12%.

Details of the balance on the loans are as follows:

	November 30, 2021	August 31, 2021
Balance, opening	\$ 185	\$ 114
Additional loans received	-	52
Accrued interest on unsecured loans	5	15
Legal fees	-	4
Balance, ending	\$ 190	\$ 185

Interest recorded on the loans during the three months ended November 30, 2021 totaled \$5 (November 30, 2020 - \$3).

12. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's main objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at November 30, 2021, the Company was not subject to any externally imposed capital requirements. The Company defines its capital as shareholders' equity plus convertible debentures and short-term loans.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no significant changes to the Company's approach to capital management during the three months ended November 30, 2021 and 2020.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair values

As at November 30, 2021 and August 31, 2021, financial instruments consist of cash, accounts receivable and other receivables, accounts payable, accrued liabilities, convertible debentures, derivative liabilities, short-term loans and long-term loans. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company classifies its financial instruments carried at fair value according to a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data.

As at November 30, 2021 and August 31, 2021, cash is recorded at fair value under Level 1 within the fair value hierarchy and the derivative liability is classified as Level 3 within the fair value hierarchy.

The following table shows the valuation techniques used in measuring Level 3 fair values for the derivative liability as well as the significant unobservable inputs used.

Type	Valuation technique	Key inputs	Inter-relationship between significant inputs and fair value measurement
Derivative liability	The fair value of derivative liability at initial recognition and at period-end has been calculated using a system of two-coupled Black Scholes Option pricing equations and partial differential equations that are solved simultaneously using finite-difference methods.	<i>Key observable inputs</i> <ul style="list-style-type: none"> • Share price • Risk free interest rate • Dividend yield <i>Key unobservable inputs</i> <ul style="list-style-type: none"> • Expected volatility • Discount for lack of marketability 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • The share price was higher (lower) • The risk-free interest rate was higher (lower) • The dividend yield was lower (higher) • The expected volatility was higher (lower) • The discount for lack of marketability was lower (higher)

For the fair values of the derivative liability, reasonably possible changes to the expected volatility, the most significant unobservable input would have the following effects:

Derivative liability	November 30, 2021	
	Increase	Decrease
Expected volatility (20% change vs. model input)	\$ (1)	\$ 1

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations and limit exposure to credit and market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance which is held at Canadian financial institutions. The Company believes its exposure to credit risk is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments as at November 30, 2021 and August 31, 2021.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 11, in normal circumstances.

13. PROPOSED TRANSACTIONS & OFF- BALANCE SHEET ARRANGEMENTS

There are no proposed transactions and off- balance sheet arrangements.

14. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.

KURE TECHNOLOGIES, INC.

Shareholder Information

Board of Directors and Officers

Alex Dolgonos (Chairman of the Board
and Chief Executive Officer)

Igor Keselman (Chief Financial Officer)

Nicholas T. Macos

Auditors

Dale Matheson Carr-Hilton Labonte LLP
Vancouver, British Columbia

Shareholder inquiries

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Common shares

The common shares of the Company
are listed on the NEX under the
symbol KUR.H.